GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2479
ANSWERED ON:18.03.2005
ENCOURAGING NET INFLOW OF CAPITAL FROM ABROAD
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Will the Minister of FINANCE be pleased to state:

(a) Whether net capital outflows from India has gone up over the last four years;

(b) If so, the details thereof;

(c) whether the Union Government is planning to adopt strategies to boost domestic investment by encouraging net inflow of capital from outside; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S.PALANIMANICKAM)

(a) & (b) : The surplus in the capital account of India`s balance of payments expanded from US$ 8.4 billion in 2001-02 to US$20.9 billion in 2003-04. In the first half of the current year (i.e. April-September 2004-05), the capital account has recorded a lower surplus of US$10.1 billion, vis-â€¦-vis US$11.9 billion in the corresponding period of the previous year (i.e. April-September 2003-04)

(c) & (d): The Government acknowledges investment as the paramount requirement for consolidating the growth process. The Union Budget (2005-06) proposes to enhance both public and private investment for financing overall growth, by providing supportive policy environment and stable tax policies, promoting savings, and devising ways and means for channelising savings into productive investment. The Budget also highlighted the significant role played by foreign direct investment (FDI) with industries like automobile, software, telecommunication, and electronics, assimilating themselves into global production chains, and underlined the benefits that can arise from FDI in other sectors of the economy.